

a liability that would be imposed by law in the absence of any contract or agreement.

An "insured contract" does not include that part of any contract or agreement:

- (a) That indemnifies an architect, engineer or surveyor for injury or damage arising out of:
 - (1) Preparing, approving or failing to prepare or approve maps, drawings, opinions, reports, surveys, change orders, designs or specifications; or
 - (2) Giving directions or instructions, or failing to give them, if that is the primary cause of injury or damage;
- (b) Under which the insured, if an architect, engineer or surveyor, assumes liability for injury or damage arising out of the insured's rendering or failing to render professional services, including those listed in (a) above and supervisory, inspection or engineering services; or
- (c) That indemnifies any person or organization for damage by fire or explosion to premises rented or loaned to you.

7. "Loading or Unloading" means the handling of property:

- a. After it is moved from the place where it is accepted for movement into or onto an aircraft, watercraft or "auto";
- b. While it is in or on an aircraft watercraft or "auto"; or
- c. While it is being moved from an aircraft, watercraft or "auto" to the place where it is finally delivered;

but "loading or unloading" does not include the movement of property by means of a mechanical device, other than a hand truck, that is not attached to the aircraft, watercraft or "auto".

8. "Mobile Equipment" means any of the following types of land vehicles, including any attached machinery or equipment:

- a. Bulldozers, farm machinery, forklifts and other vehicles designed for use principally off public roads;
- b. Vehicles maintained for use solely on or next to

premises you own or rent;

- c. Vehicles that travel on crawler treads;
- d. Vehicles, whether self-propelled or not, on which are permanently mounted:
 - (1) Power cranes, shovels, loaders, diggers or drills; or
 - (2) Road construction or resurfacing equipment such as graders, scrapers or rollers;
- e. Vehicles not described in a., b., c or d. above that are not self-propelled and are maintained primarily to provide mobility to permanently attached equipment of the following types:
 - (1) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment; or
 - (2) Cherry pickers and similar devices used to raise or lower workers;
- f. Vehicles not described in a., b., c. or d. above maintained primarily for purposes other than the transportation of persons or cargo.

However, self-propelled vehicles with the following types of permanently attached equipment are not "mobile equipment" but will be considered "autos":

- (1) Equipment designed primarily for:
 - (a) Snow removal;
 - (b) Road maintenance, but not construction or resurfacing;
 - (c) Street cleaning;
 - (2) Cherry pickers and similar devices mounted on automobile or truck chassis and used to raise or lower workers; and
 - (3) Air compressors, pumps and generators, including spraying, welding, building cleaning, geophysical exploration, lighting and well servicing equipment.
- 9. "Occurrence"** means an accident, including continuous or repeated exposure to substantially the same general harmful conditions.

10. "Personal Injury" means injury, other than "bodily injury", arising out of one or more of the following offenses:

- a. False arrest, detention or imprisonment;
- b. Malicious prosecution;
- c. Wrongful entry into, or eviction of a person from, a room, dwelling or premises that the person occupies;
- d. Oral or written publication of material that slanders or libels a person or organization or disparages a person's or organization's goods, products or services; or
- e. Oral or written publication of material that violates a person's right of privacy.

11. a. "Products Completed Operations Hazard" includes all "bodily injury" and "property damage" arising out of "your product" or "your work" except:

- (1) Products that are still in your physical possession; or
- (2) Work that has not yet been completed or abandoned.

The "bodily injury" or "property damage" must occur away from premises you own or rent, unless your business include the selling, handling or distribution of "your product" for consumption on premises you own or rent.

b. "Your work" will be deemed completed at the earliest of the following times:

- (1) When all of the work called for in your contract has been completed.
- (2) When all of the work to be done at the site has been completed if your contract calls for work at more than one site.
- (3) When that part of the work done at a job site has been put to its intended use by any person or organization other than another contractor or subcontractor working on the same project.

Work that may need service, maintenance, correction, repair or replacement but which is otherwise complete, will be treated as completed.

c. This hazard does not include "bodily injury" or "property damage" arising out of:

- (1) The transportation of property, unless the injury or damage arises out of a condition in or on a vehicle created by the "loading or unloading" of it; or
- (2) The existence of tools, uninstalled equipment or abandoned or unused materials.

12. "Property Damage" means:

- a. Physical injury to tangible property, including all resulting loss of use of that property; or
- b. Loss of use of tangible property that is not physically injured.

13. "Suit" means a civil proceeding in which damages because of "bodily injury", "property damage", "personal injury" or "advertising injury" to which this insurance applies are alleged. "Suit" includes an arbitration proceeding alleging such damages to which you must submit or submit with our consent.

14. "Your Product" means:

- a. Any goods or products, other than real property, manufactured, sold, handled, distributed or disposed of by:
 - (1) You;
 - (2) Others trading under your name; or
 - (3) A person or organization whose business or assets you have acquired; and

b. Containers (other than vehicles), materials, parts or equipment furnished in connection with such goods or products.

"Your product" includes warranties or representations made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. and b. above.

"Your product" does not include vending for the use of others but not sold.

15. "Your Work" means:

- a. Work or operations performed by you or on your behalf; and

b. Materials, parts or equipment furnished in connection with such work or operations.

"Your work" includes warranties or representations

made at any time with respect to the fitness, quality, durability or performance of any of the items included in a. or b. above.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

**Endorsement No. 01
ASBESTOS EXCLUSION CLAUSE**

Endorsement No. 01

It is hereby understood and agreed that such insurance as is afforded by this policy for personal injury liability and property damage liability is subject to the following exclusion:

This insurance does not apply to any liability for property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish and mental injury at any time arising out of the manufacture of or mining of, or use, or exposure to asbestos products, asbestos fibers or asbestos dust, or to any obligation of the insured to indemnify any party because of damages arising out of such property damage, bodily injury, sickness, disease, occupational disease, disability, shock, death, mental anguish or mental injury at any time as a result of the manufacture of, use of or exposure to asbestos products, asbestos fibers or asbestos dust.

It is further understood and agreed that the Company shall not be obligated to defend any suit or claim against the Insured alleging personal injury or property damage seeking damages, if such suit or claim arises from personal injury or property damage resulting from or contributed to, by any, and all manufacture or, use of, or exposure to asbestos products, asbestos fibers or asbestos dust.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

**Endorsement No. 02
COMMUNICABLE DISEASE EXCLUSION CLAUSE**

Endorsement No. 02

It is hereby understood and agreed that no coverage applies to bodily injury or property damage which arises out of the transmission of a communicable disease by a covered person.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the policy, except as hereinabove set forth.

**Endorsement No. 03
PUNITIVE DAMAGES EXCLUSION ENDORSEMENT**

It is hereby understood and agreed that this Policy excludes all fines, penalties, punitive or exemplary damages.

Nothing herein contained shall be held to vary, alter, waive or change any of the terms, limits or conditions of the Policy except as herein above set forth.

**Endorsement No. 04
Y2K EXCLUSION CLAUSE**

This insurance does not apply to "bodily injury", "property damage", "personal injury" or "advertising injury" arising or "products/completed operations" liability arising directly or indirectly out of:

a. Any actual or alleged failure, malfunction or inadequacy of

- (1) any of the following, whether belonging to any insured or to others
 - (i) Computer hardware, including microprocessors;
 - (ii) Computer application software;
 - (iii) Computer operating systems and related software;
 - (iv) Computer networks;
 - (v) Microprocessors (computer chips) not part of any computer system; or
 - (vi) Any other computerized or electronic equipment or components; or

- (2) Any other products, and any services, data or function that directly or indirectly use or rely on, in any manner, on any of the items listed in Paragraph a.(1) of this endorsement;

due to the inability to correctly recognize, process, distinguish, interpret or accept the year 2000 and beyond.

- b. Any device, consultation, design, evaluation, inspection, installation, maintenance, repair, replacement or supervision provided or done by or for the Named Insured to determine, rectify or test for, any potential or actual problems described in Paragraph a. of this endorsement.

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

Endorsement No. 05

AMENDMENT - LIMIT OF LIABILITY
(SINGLE LIMIT)

This endorsement modifies such insurance as is afforded by the provision of the policy relating to the following:

It is agreed that the provisions of the policy captioned "LIMITS OF LIABILITY" relating to Bodily Injury and Property Damage Liability are amended to read as follows:

LIMITS OF LIABILITY

Regardless of the number of (1) insured under this policy, (2) persons or organizations who sustain bodily injury or property damage (4) units of mobile equipment to which this policy applies, the Company's liability is limited as follows:

BODILY INJURY AND PROPERTY DAMAGE LIABILITY

- (a) The limit of liability stated in the Schedule of this Endorsement is applicable to "each occurrence" is the total limit of the company's liability for all damages because of bodily injury and property damage as a result of one occurrence.
- (b) Subject to the above provisions respecting "each occurrence", the total liability of the company for all damages because of all bodily injury and property damages which occur during each annual period while this policy is in force commencing from its effective date shall not exceed the limit of liability stated in the Schedule of this endorsement as "aggregate".

Nothing herein contained shall be held to vary, alter, waived or extent any of the Agreements, Conditions, Declarations, Exclusions Limitations or Terms of the Policy or any Coverage parts thereof other than as stated above.

BUSINESS OWNERS POLICY CONDITIONS

All coverages of Section I and II are subject to the following conditions.

A. CANCELLATION

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 5 days before the effective date of cancellation if any one of the following conditions exists at any building that is Covered Property in this policy.
 - (1) The building has been vacant or unoccupied 60 or more consecutive days. This does not apply to:
 - (a) Seasonal unoccupancy; or
 - (b) Buildings in the course of construction, renovation or addition.
 - (2) After damage by a covered cause of loss, permanent repairs to the building:
 - (a) Have not started, and
 - (b) Have not been contracted for, within 30 days of initial payment of loss.
 - (3) The building has:
 - (a) An outstanding order to vacate;
 - (b) An outstanding demolition order; or
 - (c) Been declared unsafe by governmental authority.
 - (4) Fixed and salvageable items have been or are being removed from the building and are not being replaced. This does not apply to such removal that is necessary or incidental to any renovation or remodeling.
 - (5) Failure to:

- (a) Furnish necessary heat, water, sewer service or electricity for 30 consecutive days or more, except during a period of seasonal unoccupancy; or
- (b) Pay property taxes that are owing and have been outstanding for more than one year following the date due, except that this provision will not apply where you are in a bona fide dispute with the taxing authority regarding payment of such taxes.
- b. 10 days before the effective date of cancellation if we cancel for nonpayment of premium.
- c. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is canceled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. CHANGES

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. CONCEALMENT, MISREPRESENTATION OR FRAUD

This policy is void in any case of fraud by you at any time as it relates to this policy. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This policy;

- 2 The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this policy.

D. EXAMINATION OF YOUR BOOKS AND RECORDS

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

E. INSPECTIONS AND SURVEYS

We have the right but are not obligated to:

1. Make inspections and surveys at any time;
2. Give you reports on the conditions we find; and
3. Recommend changes.

Any inspections, surveys, reports or recommendations relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:

1. Are safe or healthful; or
2. Comply with laws, regulations, codes or standards.

This condition applies not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

F. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

G. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this policy without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this policy.

H. OTHER INSURANCE

1. If there is other insurance covering the same loss or damage, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.
2. Business Liability Coverage is excess over any other insurance that insures for direct physical loss or damage.
3. When this insurance is excess, we will have no duty under Business Liability Coverage to defend any claim or "suit" that any other insurer has a duty to defend. If no other insurer defends, we will undertake to do so, but we will be entitled to the insured's rights against all those other insurers.

I. PREMIUMS

1. The first Named Insured shown in the Declarations:
 - a. Is responsible for the payment of all premiums; and
 - b. Will be the payee for any return premiums we pay.
2. The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued.

On each renewal, continuation or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.
3. With our consent, you may continue this policy in force by paying a continuation premium for each successive one-year period. The premium must be:
 - a. Paid to us prior to the anniversary date; and
 - b. Determined in accordance with paragraph 2. above.

Our forms then in effect will apply. If you do not pay the continuation premium, this policy will expire on the first anniversary date that we have not received the premium.
4. Undeclared exposures or change in your business operation, acquisition or use of locations may occur during the policy period that are not shown in the Declarations. If so, we may require an additional premium. That premium will be determined in accordance with our rates and rules then in effect.

J. TRANSFER OF RIGHTS OF RECOVERY AGAINST OTHER TO US

1. Applicable to Businessowners Property coverage:

If any person or organization to or for whom we make payment under this policy has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

- a. Prior to a loss to your Covered Property.
- b. After a loss to your Covered Property only if, at time of loss, that party is one of the following:
 - (1) Someone insured by this insurance,
 - (2) A business firm:
 - (a) Owned or controlled by you; or
 - (b) That owns or controls you; or
 - (3) Your tenant.

You may also accept the usual bills of lading or shipping receipts limiting the liability of carriers. This will not restrict your insurance.

2. Applicable to Businessowners Liability coverage:

If the insured has rights to recover all or part of any payment we have made under this policy, those rights are transferred to us. The insured must do nothing after loss to impair them. At our request, the insured will bring "suit" or transfer those rights to us and help us enforce them. This condition does not apply to Medical Expenses Coverage.

K. TRANSFER OF YOUR RIGHTS AND DUTIES UNDER THIS POLICY

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual Named Insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

BUSINESS OWNERS POLICY - SECTION III

WORKMEN'S COMPENSATION AND EMPLOYERS' LIABILITY

Agrees with the insured, named in the declarations made a part hereof, in consideration of the payment of the premium and in reliance upon the statements in the declaration and subject to the limits of liability, exclusions, conditions and other terms of this policy section:

INSURING AGREEMENTS

A. COVERAGE E - WORKMEN'S COMPENSATION

- To pay promptly when due all compensation and other benefits required of the insured by the Workmen's Compensation Law.

B. COVERAGE F - EMPLOYERS' LIABILITY

To pay on behalf of the insured all sums which the insured shall become legally obligated to pay as damages because of bodily injury by accident or disease, including death at any time resulting therefrom.

- (a) Sustained in the Territory of Guam by any employee of the insured arising out of and in the course of his employment by the insured either in operations in a territory designated in the declarations or in operations necessary or incidental thereto; or
- (b) Sustained while temporarily outside the territory of Guam by any employee of the insured who is a citizen or resident of the territory of Guam arising out of and in the course of his employment by the insured in connection with operations in a territory designated in the declarations; but this insurance does not apply to any suit brought in or any judgment rendered by any court outside the territory of Guam or to an action on such judgment wherever brought.

DEFENSE, SETTLEMENT, SUPPLEMENTARY PAYMENTS

As respects the insurance afforded by the other terms of this policy the company shall:

- (a) Defend any proceeding against the insured seeking such benefits and any suit against the insured alleging such injury and seeking damages on account thereof, even if such proceeding or suit is groundless, false or fraudulent; but the company may make such investigation, negotiation and settlement of any claim or suit as it deems expedient;
- (b) Pay all premiums on bonds to release attachments

for an amount not in excess of the applicable limit of liability of this policy all premiums on appeal bonds required in any such defended proceeding or suits but without any obligation to apply for or furnish any such bonds;

- (c) Pay all expenses incurred by the company, all costs taxed against the insured in any such proceeding or suit and all interest accruing after entry of judgment until the company has paid or tendered or deposited in court such part of such judgment as does not exceed the limit of the company's liability thereon;
- (d) Reimburse the insured for all reasonable expenses, other than loss of earnings, incurred at the company's request.

The amounts incurred under this insuring agreement, except settlements of claims and suits, are payable by the company in addition to the amounts payable under Coverage E or the applicable limit of liability under Coverage F.

APPLICATION OF POLICY

This policy applies only to injury:

- (1) By accident occurring during the policy period, or
- (2) By disease caused or aggravated by exposure of which the last day of the last exposure, in the employment of the insured, to conditions causing the disease occurs during the policy period.

EXCLUSIONS

This policy does not apply:

- (a) Under coverages E and F, to operations conducted at or from any workplace not described in the declarations if the insured has, under the Workmen's Compensation Law, other insurance for such operations or is a qualified self-insurer therefor;
- (b) Under coverages E and F, unless required by law or described in the declarations, to domestic employment or to farm or agricultural employment;
- (c) Under coverage F, to liability assumed by the insured under any contract or agreement, but this exclusion does not apply to a warranty that work performed by or on behalf of the insured will be done in a workmanlike manner;

- (d) Under coverage F;
- (1) To punitive or exemplary damages on account of bodily injury to or death of any employee employed in violation of law, or
- (2) With respect to any employee employed in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof;
- (e) Under coverage F, to bodily injury by disease unless prior to thirty-six months after the end of the policy period written claim is made or suit is brought against the insured for damages because of such injury or death resulting therefrom;
- (f) Under coverage F, to any obligation for which the insured or any carrier as his insurer may be held liable under the workmen's compensation or occupational disease law of a territory designated in the declarations any other Workmen's Compensation or Occupational Disease Law, any unemployment compensation or disability benefits law, or under any similar law.

CONDITIONS

1. PREMIUM

The premium bases and rates for the classifications of operations described in the declarations are as stated therein and for classifications not so described are those applicable in accordance with the manuals in use by the company. This policy is issued by the company and accepted by the insured with the agreement that if any change in classifications, rates or rating plans is or becomes applicable to this policy under any law regulating this insurance or because of any amendments affecting the benefits provided by the Workmen's Compensation Law, such change with the effective date thereof shall be stated in an endorsement issued to form a part of this policy;

When used as a premium basis, "remuneration" means the entire remuneration, computed in accordance with the manuals in use by the company, earned during the policy period by (a) all executive officers and other employees of the insured engaged in operations covered by this policy, and (b) any other person performing work which may render the company liable under this policy for injury to or death of such person in accordance with the Workmen's Compensation Law. "Remuneration" shall not include the remuneration of any person within division (b) of the foregoing if the insured maintains evidence satisfactory to the company that the payment of compensation and other benefits under such law to such person is secured by other valid and collectible insurance or by any other undertaking

approved by the governmental agency having jurisdiction thereof.

If the declarations provide for adjustment of premium on other than an annual basis, the insured shall pay the deposit premium to the company upon the inception of this policy and thereafter interim premiums shall be computed in accordance with the manuals in use by the company and paid by the insured promptly after the end of each interval specified in the declarations. The deposit premium shall be retained by the company until termination of this policy and credited to the final premium adjustment.

The insured shall maintain records of the information necessary for premium computation on the bases stated in the declarations, and shall send copies of such records to the company at the end of the policy period and at such times during the policy period as the company may direct. If the insured does not furnish records of the remuneration of persons within division (b) of the definition of remuneration foregoing the remuneration of such persons shall be computed in accordance with the manuals in use by the company.

The premium stated in the declarations is an estimated premium only. Upon termination of this policy, the earned premium shall be computed in accordance with the rules, rates, rating plans, premiums and minimum premiums applicable to this insurance in accordance with the manuals in use by the company. If the earned premium thus computed exceeds the premium previously paid, the insured shall pay the excess to the company; if less, the company shall return to the insured the unearned portion paid by the insured. All premiums shall be fully earned whether any workmen's compensation law, or any part thereof, is or shall be declared invalid or unconstitutional.

2. LONG TERM POLICY

If this policy is written for a period longer than one year, all the provisions of this policy shall apply separately to each consecutive twelve months period, or, if the first or last consecutive period is less than twelve months, to such period of less than twelve months, in the same manner as if a separate policy had been written for each consecutive period. The earned premium for each such period shall be computed as provided by Condition 1 of this policy subject, except as otherwise provided in the manuals in use by the company with respect to classifications of operations for which this policy provides a per capita premium basis, to the following provisions:

- (a) The premium rates for the first consecutive period shall be those stated in the declarations and those applicable for such period in accordance with the manuals in use by the company;

- (b) The premium bases, classifications of operations, rates, rating plans, premiums and minimum premiums for each such subsequent period shall be those applicable for such period in accordance with the manuals in use by the company.

3. PARTNERSHIP OR JOINT VENTURE AS INSURED

If the insured is a partnership or joint venture, such insurance as is afforded by this policy applies to each partner or member thereof as an insured only while he is acting within the scope of his duties as such partner or member.

4. INSPECTION AND AUDIT

The company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation.

The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance.

5. NOTICE OF INJURY

When an injury occurs written notice shall be given by or on behalf of the insured to the company or any of its authorized agents as soon as practicable. Such notice shall contain particulars sufficient to identify the insured and also reasonably obtainable information respecting the time, place and circumstances of the injury, the names and addresses of the injured and of available witnesses.

6. NOTICE OF CLAIM OR SUIT

If claim is made or suit or other proceeding is brought against the insured, the insured shall immediately forward to the company every demand, notice, summons or other process received by him or his representative.

7. ASSISTANCE AND COOPERATION OF THE INSURED

The insured shall cooperate with the company and, upon the company's request, shall attend hearings and trials and shall assist in effecting settlements, securing and giving evidence, obtaining the attendance of witnesses and in the conduct of suits or proceedings.

The insured shall not, except at his own cost, voluntarily make any payment, assume any obligation or incur any expense other than for such immediate medical and other services at the time of injury as are required by the Workmen's Compensation Law.

8. STATUTORY PROVISIONS - Coverage E

The company shall be directly and primarily liable to any person entitled to the benefit of the Workmen's Compensation Law under this policy. The obligations of the company may be enforced by such person, or for his benefit by any agency authorized by law, whether against the company alone or jointly with the insured. Bankruptcy or insolvency of the insured or of the insured's estate, or any default of the insured, shall not relieve the company of any of its obligations under coverage E.

As between the employee and the company, notice or knowledge of the injury on the part of the insured shall be notice or knowledge as the case may be, on the part of the company; the jurisdiction of the insured, for the purposes of the Workmen's Compensation Law, shall be jurisdiction of the company and the company shall in all things be bound by and subject to the findings, judgments, awards, decrees, orders or decisions rendered against the insured in the form and manner provided by such law and within the terms, limitations and provisions of this policy not inconsistent with such law.

All of the provisions of the Workmen's Compensation Law shall be and remain a part of this policy as fully and completely as if written herein, so far as they apply to compensation and other benefits provided by this policy and to special taxes, payments into security or other special funds, and assessments required of or levied against compensation insurance carriers under such law.

The insured shall reimburse the company for any payments required of the company under the Workmen's Compensation Law, in excess of the benefits regularly provided by such law, solely because of injury to (a) any employee by reason of the serious and willful misconduct of the insured, or (b) any employee employed by the insured in violation of law with the knowledge or acquiescence of the insured or any executive officer thereof.

Nothing herein shall relieve the insured of the obligations imposed upon the insured by the other terms of this policy.

9. LIMITS OF LIABILITY - Coverage F

The words "damages because of bodily injury by accident or disease, including death at any time resulting therefrom", in Coverage F include damages for care and loss of services and damages for which the insured is liable by reason of suits or claims brought against the insured by others to recover the damages obtained from such others because of such bodily injury sustained by employees of the insured arising out of and in the course of their employment. The limit of liability stated in the declarations for Coverage F is the total limit of the company's liability for all damages because of bodily injury by accident, including death at any time resulting therefrom, sustained by one or more employees of the insured in operations in any territory designated in the declarations or in operations necessary or incidental thereto.

The inclusion herein of more than one insured shall not operate to increase the limits of the company's liability.

10. ACTION AGAINST COMPANY - Coverage F

No action shall lie against the company unless, as a condition precedent thereto, the insured shall have fully complied with all the terms of this policy, nor until the amount of the insured's obligation to pay shall have been finally determined either by judgment against the insured after actual trial or by written agreement of the insured, the claimant and the company.

Any person or organization or the legal representative thereof who has secured such judgment or written agreement shall thereafter be entitled to recover under this policy to the extent of the insurance afforded by this policy. Nothing contained in this policy shall give any person or organization any right to join the company as a co-defendant in any action against the insured to determine the insured's liability.

Bankruptcy or insolvency of the insured or of the insured's estate shall not relieve the company of any of its obligations under coverage F.

11. OTHER INSURANCE

If the insured has other insurance against a loss covered by this policy, the company shall not be liable to the insured hereunder for a greater proportion of such loss than the amount which would have been payable under this policy, had no such other insurance existed, bears to the sum of said amount and the amounts which

would have been payable under each other policy applicable to such loss, had each such policy been the only policy so applicable.

12. SUBROGATION

In the event of any payment under this policy, the company shall be subrogated to all rights of recovery therefor of the insured and any person entitled to the benefits of this policy against any person or organization, and the insured shall execute and deliver instruments and papers and do whatever else is necessary to secure such rights. The insured shall do nothing after loss to prejudice such rights.

13. CHANGES

Notice to any agent or knowledge possessed by any agent or by any other person shall not effect a waiver or a change in any part of this policy or stop the company from asserting any right under the terms of this policy; nor shall the terms of this policy be waived or changed, except by endorsement issued to form a part of this policy, signed by a duly authorized representative of the company.

14. ASSIGNMENT

Assignment of interest under this policy shall not bind the company until its consent is endorsed hereon. If, however, during the policy period the insured shall die and written notice is given to the company within thirty days after the date of such death this policy shall cover the insured's legal representative as insured; provided that notice of cancellation addressed to the insured named in the declarations and mailed or delivered, after such death to the address shown in this policy shall be sufficient notice to effect cancellation of this policy.

15. CANCELLATION

This policy may be canceled by the insured by surrender thereof to the company or any of its authorized agents or by mailing to the company written notice stating when thereafter the cancellation shall be effective. This policy may be canceled by the company by mailing to the insured at the address shown in this policy written notice stating when not less than ten days thereafter such cancellation shall be effective. The mailing of notice as aforesaid shall be sufficient proof of notice. The time of the surrender or the effective date and hour of cancellation stated in the notice shall become the end of the policy period. Delivery of such written notice either by the insured or by the company shall be equivalent to mailing.

If the insured cancels, unless the manuals in use by the company otherwise provide, earned premium shall be

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

(1) computed in accordance with the customary short rate table and procedure and (2) not less than the minimum premium stated in the declarations. If the company cancels, earned premium shall be computed pro rata. Premium adjustment may be made at the time cancellation is effected and, if not then made, shall be made as soon as practicable after cancellation becomes effective. The company's check or the check of its representative mailed or delivered as aforesaid shall be a sufficient tender of any refund of premium due to the insured.

When the insurance under the Workmen's Compensation Law may not be canceled except in accordance with such law, this condition so far as it applies to the insurance under this policy with respect to such law, is amended to conform to such law.

16. TERMS OF POLICY CONFORMED TO STATUTE - Coverage E

Terms of this policy which are in conflict with the provisions of the Workmen's Compensation Law are hereby amended to conform to such law.

17 . DECLARATIONS

By acceptance of this policy the insured agrees that the statements in the declarations are his agreements and representations, that this policy is issued in reliance upon the truth of such representations and that this

policy embodies all agreements existing between himself and the company or any of its agents relating to this insurance.

DEFINITIONS

- (a) **WORKMEN'S COMPENSATION LAW.** The unqualified term "workmen's compensation law" means the workmen's compensation law and any occupational disease law of the territory designated in Section III of the declarations, but does not include those provisions of any such law which provide non-occupational disability benefits.
- (b) **TERRITORY.** The word "territory" means the Territory of Guam.
- (c) **BODILY INJURY BY ACCIDENT; BODILY INJURY BY DISEASE.** The contraction of disease is not an accident within the meaning of the word "accident" in the terms "bodily injury by accident and only such disease as results directly from a bodily injury by accident is included within the term "bodily injury by accident". The term "bodily injury by disease" includes only such disease as is not included within the term "bodily injury by accident."
- (d) **ASSAULT AND BATTERY.** Under Coverage F, assault and battery shall be deemed an accident unless committed by or at the direction of the insured.

Endorsement No. 1

**Worker's Compensation Endorsement Under the CNMI Worker's Compensation Law
(Public Law 6-33 Sixth Northern Marianas Commonwealth Legislature)
Covering employment in the COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS)**

The obligations of Coverage (A) of the Policy include the CNMI worker's Compensation Law, being Public Law No. 6-33 of the Sixth Northern Marianas Commonwealth Legislature, approved June 27, 1989, and all laws amendatory thereof or supplementary thereto which maybe or become effective while this Policy is in force.

The company will carry out the provisions of Section 9345 of said law, insolvency or bankruptcy of the employer and/or discharge therein shall not relieve the Company from the payment of Compensation and other benefits lawfully due for disability or death sustained by an employee during the life of the Policy.

The company agreed to abide by all the provisions of the law and all lawful rules, regulations, order and decisions of the Worker's Compensation Commission unless and until set aside, modified or reversed by a court having jurisdiction of the parties and the subject matter.

If the employer is a contractor, the subject of whose contract includes operations covered by this Policy and he shall be included in the return of the remuneration under the provisions of this Policy upon which premium is computed. Such remuneration so reported shall be considered the employees of this Employer and shall in all instances be governed by the same terms, conditions, requirements and obligations of the Policy as the remuneration of the direct employees of this Employer. The requirements of this paragraph shall not apply as respects any such sub-contractor who has secured compensation for his direct employees as required by Public Law 6-33 of the Sixth Northern Marianas, but this Employer shall not claim the benefit of this exemption

The following endorsements are added and forming part of this policy when designated by an "X" in the box(es) shown below.

unless and until he shall satisfy the Company by certificate or otherwise that such any sub-contractor has legally secured the payment of compensation to his own direct employees and then only respecting any sub-contractor who has furnished such proof.

This policy and endorsement shall not be cancelled and obligations expressed in this Policy or any other endorsement attached thereto which are not inconsistent with or inapplicable to the provisions of this endorsement are hereby made a part of this endorsement as fully and completely as if wholly written herein.

Reference to the law of any state in this Policy are hereby declared to include for the purpose of this endorsement only, the provision of the CNMI Worker's Compensation Law approved June 27, 1989, (Public Law No. 6-33, Sixth Northern Marianas Commonwealth Legislature).

in respect of Executive Officers of the Employer.

**Endorsement No. 03
AMENDATORY ENDORSEMENT**

It is hereby agreed that:

Condition 4-Inspection and Audit of the policy is amended to read as follows:

"The Company and any rating authority having jurisdiction by law shall each be permitted but not obligated to inspect at any reasonable time the workplaces, operations, machinery and equipment covered by this policy. Neither the right to make inspections nor the making thereof nor any report thereon shall constitute an undertaking on behalf of or for the benefit of the insured or others, to determine or warrant that such workplaces, operations, machinery or equipment are safe or healthful, or are in compliance with any law, rule or regulation."

"The company and any rating authority having jurisdiction by law shall each be permitted to examine and audit the insured's payroll records, general ledger, disbursements, vouchers, contracts, tax reports and all other books, documents and records of any and every kind at any reasonable time during the policy period and any extension thereof and within three years after termination of this policy, as far as they show or tend to show or verify the amount of remuneration or other premium basis, or relate to the subject matter of this insurance."

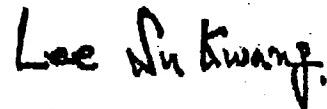
**Endorsement No. 02
EXECUTIVE OFFICERS ENDORSEMENT**

Notwithstanding anything to the contrary contained in this policy or any other endorsements hereto, it is hereby noted and agreed that coverage hereunder is extended to apply

IN WITNESS WHEREOF, the company has caused this policy to be signed by its president and manager, but this policy shall not be valid unless completed by the attachment hereto of a Declarations page designated as part Two and counter-signed on the aforesaid Declarations page by a duly authorized agent of the Company.



IK JOO JEON
MANAGER



SU KWANG LEE
PRESIDENT